

## APPENDIX G

### HUD FEDERAL PROGRAMS: DESCRIPTIONS AND POLICIES

#### COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

##### Goals

The U.S. Department of Housing and Urban Development (HUD) makes available Community Development Block Grant (CDBG) funds to assist low- and moderate- income persons in Clark County. The U.S. Department of Housing and Urban Development formula allocating funds to Clark County uses census data for the population of the county including all of incorporated Woodland, overcrowding and the persons living below the poverty level. These federal funds can provide needed affordable housing, capital improvements such as water and sewer improvements in low-income neighborhoods, community facilities such as senior centers, and critical public services such as operating support for homeless emergency shelters.

The primary goals of the CDBG program are:

- To maintain and upgrade existing housing and provide new housing for low-income persons;
- To eliminate conditions which cause health, safety and public welfare problems;
- To improve the use of land and other natural resources;
- To aid public services that improve communities in which low-income persons live;
- To reduce isolation of income groups and promote diversity and vitality in neighborhoods;
- To alleviate physical and economic distress by stimulating private investment; and
- To restore and preserve historic buildings and other properties of special value to a community.

##### Three Federal Threshold Requirements

To be considered for CDBG funds, a project must meet three federal threshold requirements:

##### I. Eligible Activities

**Acquisition:** Acquisition of real property in whole or in part by public or private nonprofit agencies. The acquisition may be a purchase or long-term (15 year) lease and must be for a public purpose.

**Community Facilities:** Acquisition, design, construction, or rehabilitation of community facilities, which primarily serve, or will serve, low-income persons. CDBG funds can be used to acquire, rehabilitate, or construct senior centers, food banks, emergency shelters, and community clinics.

**Economic Development:** Assistance can be provided to private, for-profit businesses if such federal assistance is judged appropriate. Any assistance must minimize, to the extent practical, displacement of existing businesses and jobs in neighborhoods. Businesses must document that they will: (1) create or

retain permanent jobs, primarily for low-income persons; or (2) involve commercial businesses, which serve a predominantly low-income neighborhood or community.

## **Public Facilities or Improvements**

**Environmental Quality Projects:** Design, construction or reconstruction of water and sewer projects, flood drainage facilities, and solid waste disposal facilities to serve existing low-income communities or neighborhoods.

**Parks, Recreation, Open Space:** Acquisition, design, site preparation, drainage, construction or rehabilitation of parks or recreational facilities. Communities can use these funds to build picnic shelters, and purchase and install equipment; any park equipment must be permanently affixed.

**Streets, Walkways, and Architectural Barriers:** Street improvements such as a curb and roadside drainage; purchase and installation of traffic signals; construction of walkways, crosswalks, neighborhood roads, parking lots, and pedestrian malls; and the removal of architectural barriers that bar persons with disabilities or the elderly and limit their mobility.

**Public Services:** Critical human services for low-income persons. The Clark County Urban Policy Board does not fund public services projects.

**Rehabilitation:** Residential rehabilitation of publicly or privately owned single and multi-family housing units, commercial buildings and other non-residential structures; energy conservation improvements; removal of architectural barriers; and the cost of connecting residential structures to available water and sewer lines. Historic preservation activities are also eligible. Housing rehabilitation programs are available through Clark County.

**Relocation:** Relocation payments and assistance to individuals, families or businesses displaced temporarily or permanently by a CDBG project. A CDBG proposal which entails relocation must include a relocation plan and budget.

**Special Needs Housing/Shelter:** Acquisition, renovation, or construction of housing units or facilities to provide emergency shelter or housing for groups with special needs. These groups include the disabled, mentally ill, substance abusers, homeless and large families.

## **2. National Objectives**

Each project activity assisted with federal CDBG funds must meet one of three national objectives. The primary objective is to principally benefit low-income persons. The second objective is to prevent or eliminate slums and blight, and the third is to address urgent needs.

**a. Principally Benefit Low-Income Persons**

Projects can qualify as "area benefit" activities, activities that are directed to a "limited clientele," housing rehabilitation activities or jobs creation/retention activities.

**Definition of Low-Income.** A low-income person is one whose income does not exceed 80 percent of the area median income (AMI) for Clark County.

**Area Benefit.** An activity with area benefit is defined as one which is available to all residents in a particular residential area where more than 51 percent of its residents are low-income persons. Examples of such activities are parks, water and sewer projects, sidewalks and streets, and other public improvements which are available to all residents in a particular area. Public services and community facilities, which are located in and serving low-income neighborhoods, may also qualify.

**Limited Clientele Benefit.** A limited clientele activity is defined as one, which benefits at least 51 percent low-income persons. There are five types of limited clientele activities:

- Presumed Benefit. Certain groups are presumed by HUD to be principally low-income. These are: abused children, battered spouses, elderly persons (62 years and older), severely disabled adults, homeless persons, illiterate persons, persons living with AIDS, and migrant farm workers.
- Verification of 51 percent Benefit Using Agency Client Data. Projects must verify the income of those receiving benefit, and at least 51 per cent of the beneficiaries must be low-income.
- Income Eligibility (Direct Benefit) Requirements. In this case, each direct beneficiary is screened for income to restrict project benefit to only those persons who are low-income.
- Benefit by Nature/Location of the Project. This means that the project activity is of such a nature and in such a location that it may be concluded that the clientele will be primarily low-income persons; for instance, a food bank at an assisted housing project.
- Removal of Architectural Barriers. A project which removes material or architectural barriers restricting mobility and accessibility of the elderly or persons with disabilities to publicly-owned and privately-owned nonresidential buildings, facilities and improvements, and the common areas of residential structures containing more than one dwelling unit is considered to benefit primarily low-income persons.

**Housing Rehabilitation Activities (Residential).** These activities provide or improve permanent residential structures which are, or will be, occupied by low-income households. If a residential structure contains more than one dwelling unit, the general rule is that 51 percent of the units must be occupied by low-income households.

**Job Creation or Retention Activities.** These are economic development activities, which are designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full-time equivalent basis, can be documented to employ low-income persons.

## **b. Prevent or Eliminate Slums and Blight**

There are two ways to meet the second national objective:

- **Area Basis.** An area defined as a slum or blighted area under state or local law; the conditions which qualified the area as slum or blight must be on record; and the project must specifically address one or more of those conditions. Clark County does not have designated slums or blighted areas.
- **Spot Basis.** A project which treats slums and blight outside of a locally designated slum or blighted area. The activity must be limited to what is necessary to eliminate specific conditions posing a threat to public health and safety. The health or safety hazard must be identified, and the scope of the activity must be limited to correcting the hazard.

## **c. Urgent Need**

To comply with the national objective of meeting community development needs having a particular urgency, an activity must be designed to alleviate existing conditions which the county certifies:

- Pose a serious and immediate threat to the health or welfare of the community;
- Are of recent origin or recently became urgent (within past 18 months);
- The county is unable to finance the activity on its own; and
- Other resources of funding are not available to carry out the activity.

## **3. Eligible Recipients**

### **Project Applicants**

Projects must generally be implemented by public (or government) agencies or private non-profit corporations, those with 501(c)(3) certification. Exceptions may be made for private for-profit businesses implementing economic development projects if other federal CDBG requirements are met. There are special requirements regarding the eligibility of religious non-profit organizations.

Organizations discussed in the above paragraph may apply for CDBG funds for a project as long as the governing body of an eligible implementing agency approves the application before submittal and agrees to implement the project if it is funded. For-profit businesses as well as non-profit organizations can apply for a community development interim loan for economic development activities or acquisition of community facilities.

### **Clark County and Other Federal Requirements**

Federal regulations require that entitlement communities have local community development plans or policies to guide the choice of activities funded within the broad range of those allowable under the federal regulations. The following are policies which apply to the entire CDBG area.

## **Clark County Requirements**

### **Consistency with Applicable City, County and State Codes, Plans, Policies and Land Use Regulations**

All projects must show that they are consistent with health and human services plans, as well as locally adopted codes, zoning requirements, policies, plans, standards and other land use regulations, if applicable. All projects should be in compliance with the Clark County 20-Year Comprehensive Growth Management Plan or applicable local comprehensive plans, community plans and other functional plans which augment the H&CD Plan. All projects must be consistent with the current Housing and Community Development Plan.

### **Implementing Agency Approval**

Proposals submitted by applicants, which will be implemented by a separate agency or city, must be reviewed and approved by the implementing agency prior to submittal. All CDBG proposals located on publicly-owned property must be implemented by the public agency responsible for the property.

### **Authorization to Apply for CDBG Funds**

Applications must have their governing body authorization to apply for CDBG funds.

### **Minimum Proposal Request**

The minimum construction or social service proposal request is \$50,000.

### **Project Deadlines**

If awarded CDBG funds, projects must complete the project within 12 months.

### **Minimizing Displacement and Providing Relocation Assistance**

It is Clark County's policy to discourage CDBG proposals which would cause displacement of people or businesses. To minimize displacement, applicants are encouraged to acquire vacant properties or properties being sold voluntarily by owner-occupants. Clark County has an Anti-displacement and Relocation Plan that describes the actions the county will take to minimize displacement.

### **Clark County CDBG Project Selection Process**

The Clark County CDBG Program divides its annual entitlement into two equal halves, one-half for Infrastructure projects and the other half for Social Service projects. Proposals in each category compete against each other. Any funding left over from one category can be placed in the other category. Annually, specific amounts of entitlement funds are set-aside for the homeowner rehabilitation program. Projects are selected by the Urban County Policy Board, which is composed of the Mayors of each city and town in the county and one County Commissioner.

The Clark County Urban County Policy Board uses a competitive request for proposal (RFP) process to solicit project proposals. Technical assistance is available from CDBG/HOME staff for project development. If necessary, CDBG/HOME staff also assists applicants in determining appropriate linkages

for supportive services. The RFP document will reflect these policy requirements, including the project selection guidelines identified in the following pages.

The proposals received are given a thorough review by CDBG/HOME staff. Advisory reviews from experts and interested persons in related fields may also be solicited on applications. Applicants will be given an opportunity to present their proposal to the Urban County Policy Board in February.

The Urban County Policy Board shall make project recommendations to the Board of County Commissioners based on a numeric scoring and rating system. Projects in each category will receive funds consistent with county approved program policies and project selection guidelines.

## **Other Federal Requirements**

### **Environmental Review**

All CDBG funded projects are subject to the National Environmental Policy Act.

### **Change of Use Restriction**

All recipients, including cities and other public entities, must agree to restrict the use of the property to the intended use for which funds were awarded. This requirement complies with HUD regulations which restrict the change in use of property acquired, constructed or improved with CDBG assistance, and also ensures continued public benefit.

A CDBG assisted property must be used specifically for CDBG eligible activities, as opposed to other private or public activities. The property must be used for the intended purpose for which CDBG funds were awarded and for a specified length of time, so that low-and moderate-income persons are guaranteed use of the facility in return for the expenditure of public funds. Any income from the use or rental of a community facility, beyond what is needed for operation and maintenance of the facility itself, is program income and must be returned to the Clark County CDBG program.

### **Legally Binding Public Interest**

HUD requires that facilities acquired, constructed, or improved with CDBG funds be "publicly owned" and that the CDBG public interest be protected. In essence, CDBG grants for facilities will be a "loan" which will be forgiven at the end of the designated term, provided the facility is used throughout the term for the original eligible purpose.

- All CDBG recipients must establish a legally binding public interest in the facility for a period of time commensurate with the CDBG commitment.
- The public interest will be secured through a lien on the property recorded, as a deed of trust and a promissory note explaining the sale and change of use provision that will accompany the property.
- If the property is sold or the use is changed before the end of the term, CDBG funds shall be repaid to Clark County CDBG with a proportionate share of any appreciation in the property.

- For non-housing projects, the period of time for which a deed of trust will be established depends upon the amount of CDBG funds committed.

### **Equal Opportunity**

All CDBG proposals must comply with federal, state and local laws and executive orders which prohibit discrimination on the grounds of race, creed, color, national origin, sex, age, marital status or the presence of a disability. Discrimination is prohibited in the provision of a service, or within a facility funded with CDBG funds and in all other aspects of administering a CDBG proposal including contracting, procurement, and employment.

### **Minimizing Loss of Low-Income Dwelling Units**

CDBG funded jurisdictions must minimize the loss of low-income dwelling units. If a CDBG proposal directly results in any occupied or vacant occupiable low-income dwelling units being: (1) demolished or (2) converted to a use other than housing, a realistic plan to provide replacement housing within three years of the start of demolition or rehabilitation relating to the conversion must be prepared and submitted. The plan must be submitted and approved by HUD under federal regulation (24 CFR 570.606(b)(1)) before any CDBG funds can be committed to the project.

### **Federal Wage Rates**

The Davis-Bacon Act requires federal wage rates be applied to all CDBG construction projects exceeding \$2,000.

### **Mandatory Federal Audit Rule**

Private non-profit agencies expending \$500,000 or more in federal funds annually (whether CDBG alone or CDBG in combination with other federal funds) must have an annual audit. This audit must be conducted by an independent auditor in accordance with OMB Circular A-133.

### **Lead-Based Paint Abatement**

Any proposed rehabilitation project must follow Clark County's Lead-Based Paint Abatement Plan if the project demonstrates the following two characteristics: (1) involves a pre-1979 structure, or (2) is likely to house a child or children under age six. Lead-based paint regulations are found at 24 CFR Part 35.

### **Affordable Rents**

#### Housing Projects

Projects involving acquisition or rehabilitation of rental housing must conform to Clark County's standard for affordable rental housing for low-income households. Affordable rental housing means that at least 51 percent of the units must house tenants earning less than 80 percent of the area median income (AMI), adjusted by household size, and rents shall not exceed the current Portland-Vancouver, OR-WA PMSA Fair Market Rents (FMR), adjusted for the number of bedrooms, as determined by HUD.

### Community Facilities Projects

Any project involving acquisition or renovation of community facilities must demonstrate that space will be provided at low or no cost to agencies, organizations or service providers offering services to low-income persons. Any fees charged such users must be below market rate for the space and must be based solely on actual operating costs (for example, the cost of utilities, consumable goods, janitorial services) resulting from the usage by individual groups.

If the facility will be used at times for ineligible activities, such as rentals for private parties or for activities having charges or fees for participating which may be excessive for low-income persons, these guidelines must be followed:

- Such uses may not be scheduled so as to displace or conflict with eligible users; and
- Such uses must be given a lower priority than eligible uses when scheduling use of the facility.

### **Timely Expenditure of CDBG Funds**

The CDBG regulations requires that as of May 1 each year, no more than 1.5 times the last entitlement amount of funds remain unspent (drawn down from the CDBG line of credit). If the county exceeds this amount, HUD can deobligate the amount of funds in excess of the 1.5 limit.

## **HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)**

### **Introduction**

The following information describes the federal HOME Partnership Investment Program (HOME) created under Title II of the National Affordable Housing Act of 1990. The general purposes of HOME include:

- expanding the supply of decent, affordable housing for low- and very low-income families with emphasis upon rental housing;
- strengthening the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing;
- providing both financial and technical assistance to participating jurisdictions, including the development of model programs for affordable low-income housing; and
- extending and strengthening partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

The federal HOME Program was created to stimulate new public/private housing partnerships and to maximize existing resources used to develop affordable housing. Combinations of resources will be utilized in the affordable housing projects developed under the Clark County/Vancouver HOME Program.

The following sections summarize the purpose and design of Clark County's program and the regulatory guidelines governing projects, which receive HOME funds.



## **Program Purpose and Design**

### **Policy Emphasis**

Ten percent of the HOME funds received will be used to cover administration. Approximately 70 percent will be available for subrecipient projects. HOME funds will be used for a variety of low-income housing activities including rehabilitation, acquisition, new construction, first-time home buyer assistance, tenant based rental assistance, and to cover finance costs, relocation costs, and site improvements. The focus of HOME is to create affordable permanent housing for low- and very low-income residents. At least 15 percent of the total entitlement must be set aside for particular types of non-profit housing providers called Community Housing Development Organizations (CHDOs).

The types of activities funded by HOME must be consistent with the needs and strategies identified in the H&CD Plan.

### **HOME Project Selection Process**

The Clark County/Vancouver's eleven member Clark Housing Review Board use a competitive request for proposal (RFP) process to solicit project proposals. Technical assistance is available from CDBG/HOME staff for project development. CDBG/HOME staff can also assist applicants in determining appropriate linkages for supportive services.

There are two levels of review/decision-making regarding proposals. Proposals received are given a thorough review by the Clark County/City of Vancouver CDBG/HOME staff. Advisory reviews from experts and interested persons in housing and service related fields may also be solicited on applications.

The Clark Housing Review Board reviews staff suggestions and makes final recommendations on the projects that will be funded based on program policies and project selection guidelines. It is the policy of the Clark Housing Review Board to recycle as much of the HOME funds as possible through loans or other payback schemes.

Projects that provide housing for persons and families with the lowest incomes will be given more consideration. In addition, projects that leverage other resources, demonstrate an attempt to obtain other funds, or can proceed quickly will be given more consideration.

## **Home Regulatory Guidelines**

### **Mixed Income and Mixed Use Projects**

Mixed income projects can be eligible for HOME assistance as long as a minimum of 20 percent of the units are targeted and affordable to very low-income households (50 percent or less of AMI). While the HOME program encourages mixed income projects, relocation may be an issue. Applicants are advised to consult with CDBG/HOME staff on mixed income projects.

For purposes of meeting HOME affordable housing requirements for a project, units designated as “HOME units” may change over the period of affordability so long as the total number of affordable units remains the same, and substituted units are comparable in size, features, and number of bedrooms to the originally-designated HOME units.

Mixed use projects are eligible if a minimum of 51 percent of the project space constitutes residential space. HOME funds will be available for assistance only in proportion to the percent of low-income units in the project.

### **New Construction**

Federal regulations state that the Clark County HOME funds may be used for new construction or acquisition of land upon which new construction of permanently affordable housing is built.

### **Assistance for Homebuyers**

HOME funds may be used to provide homebuyer assistance to low-income households, which must occupy the housing as their principle residence. An assisted household’s must earn 80 percent or less AMI. Single-family homes, manufactured homes, and condominiums are eligible housing types.

### **HOME Program Recapture Provisions**

In accordance with the HOME regulations (24 CFR 254(a)(ii)), the county anticipates recapturing the full amount of the HOME investment in each homeownership loan should the housing not continue to be the principal residence of the family during the HOME affordability period. The HOME affordability period for homeownership loans under \$15,000 is 5 years; for loans between \$15,000 and \$40,000, the affordability period is 10 years.

- If the “net proceeds” (sale price minus non-HOME mortgage repayment and closing costs) are sufficient, the full amount of the HOME assistance shall be recaptured if the housing does not continue to be the principal residence of the family during the affordability period.
- If the “net proceeds” are not sufficient to recapture the full HOME investment and enable the homeowner to recover the down payment, the “net proceeds” will be divided proportionally between the homeowner and HOME funding as shown below.

$$\begin{array}{lcl}
 \text{Recaptured HOME Funds} & & \\
 = & \text{Net proceeds X} & \frac{\text{HOME Funds}}{\text{HOME Funds} + \text{Homeowner Funds}} \\
 \\
 \text{Amount to Homeowner} = & \text{Net proceeds X} & \frac{\text{Homeowner Funds}}{\text{HOME Funds} + \text{Homeowner Funds}}
 \end{array}$$

Recaptured HOME funds will be used for other HOME eligible activities.

### **Eligible Costs**

HOME funds may be used to pay development hard costs for the construction and rehabilitation of houses. HOME funds may be used in rehabilitation projects to meet the applicable rehabilitation standards of the county and other jurisdictions, to correct substandard conditions, to make essential improvements including energy-related repairs or improvements, to make improvements necessary to permit the use by handicapped persons, to provide for the abatement of lead-based paint hazards, or to repair major housing systems in danger of failure.

For new construction and rehabilitation, HOME funds can be used to demolish existing structures for improvements to the project site and to make utility connections within new construction projects. HOME funds can also cover the cost of an initial operating deficit reserve, reserve for replacement payments, and debt service.

HOME funds may cover the cost of acquiring improved or unimproved real property and the following related soft costs: architectural, engineering or related professional services, impact fees, costs to process and settle the financing for a project, costs for a project audit, costs to provide information services such as affirmative marketing and fair housing information and relocation costs.

### **Community Housing Development Organization (CHDO) Set-Aside**

The federal regulations require that 15 percent of the HOME allocation be set aside for CHDOs. Clark County may use a portion of its HOME funds for operating support of CHDOs to support capacity development. This would entail a one-time allocation to a designated CHDO, which must be spent over two years and used specifically to develop operational capacity for the development and successful implementation of a capital housing project. Capacity building includes activities such as training for Board, staff, volunteers; limited use of consultants; and limited coverage of operating expenses. CHDOs that apply for capacity building support will submit a detailed plan of how these funds will enable them to obtain self-sufficiency and implement an affordable housing project.

A CHDO is defined as a private non-profit organization that:

- Is organized under state or local laws;
- Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
- Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
  - i) The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm,
  - ii) The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members, and
  - iii) The community housing development organization must be free to contract for goods and services from vendors of its own choosing;

- Has a tax exempt ruling from the Internal Revenue Service under section 501(c) of the Internal Revenue Code of 1986;
- Does not include a public body (including the participating jurisdiction) or an instrumentality of a public body. An organization that is state or locally chartered may qualify as a CHDO; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members can be public officials;
- Has standards of financial accountability that conform to Attachment F of OMB Circular A-110 (rev.) "Standards for Financial Management Systems;"
- Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions, or by-laws;
- Maintains accountability to low-income community residents by:
  - i) Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county, or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire state), provided the governing board contains low-income residents from each county of the multi-county area; and
  - ii) Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing.
- Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced accomplished key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and
- Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community (from the date the participating jurisdiction provides HOME funds to the organization). However, a newly- created organization formed by local churches, service organizations, or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

### **Maximum and Minimum HOME Subsidies per Unit**

The per unit cost limits have been set at the limits established under 221(d)(3)(ii) of the National Housing Act. The bill specifies that these limits may be adjusted by up to 140 percent in high cost areas by an amount equal to the amount by which the area's construction costs exceed national average construction costs.

The maximum HOME subsidy that may be provided for each project is established by HUD, updated annually, and is not reduced by the presence of Low Income Housing Tax Credits. The regulations specify this provision to prevent the layering of federal funds beyond the amount required to make a project financially feasible. The RFP will list the current maximum HOME subsidy by bedroom size.

The minimum level of HOME funds for rehabilitation projects is an average of \$1,000 per unit.

### **Duration of Low-Income Benefit**

All HOME recipients must be able and willing to establish a legally binding public interest. The public interest will be secured through a lien on the property recorded as a mortgage, and a promissory note explaining the sale and change of use provisions. The project will remain affordable secured by deed restrictions for not less than 20 years, and will be ineligible for additional HOME dollars during the specified period. Depending upon project size, monitoring will occur every year or every other year.

### **Property Standards**

At a minimum, housing units rehabilitated with HOME funds must meet the Section 8 Housing Quality Standards and local codes. Projects whose operating budgets include adequate maintenance reserves, will be given priority to ensure that they can continue to meet property standards at least as long as the required period of affordability.

### **Federal Match Requirements**

Matching requirements are program-wide and not project specific. Pursuant to the regulations, the match must be (1) a permanent contribution to the program, and (2) from non-federal sources. The match requirement will be tied to the type of HOME activity. All acquisitions, new construction, rehabilitation, and homebuyer activities will require a 25 percent match.

Projects with funding commitments from non-federal sources such as the Washington State Housing Trust Fund, local general funds, or private funding, shall have priority. In addition, projects with firm financial commitments will have priority over those with pending, tentative, or speculative commitments.

Examples of eligible forms of match include the following:

- local or state general revenues;
- housing trust fund grants or the grant-equivalent of a below-market rate loan;
- foundation grants or donations;
- state appropriations;
- excess reserves from housing finance bond issues;
- general obligation bonds;
- services provided to HOME-assisted unit clients;
- interest rate subsidy achieved by exemption of state or local taxes;
- the value of site preparation, construction materials, and donated/voluntary labor in connection with the site preparation and construction or rehabilitation of affordable housing; and
- waived impact fees.

### **Qualification as Affordable Housing and Income Targeting**

All rental rehabilitation projects have to meet the regulatory definitions of affordable to receive HOME funds. According to the HOME regulations, a rental housing project (including the non-owner occupied units in housing purchased with HOME funds) qualifies as affordable housing only if:

- HOME rents will not exceed the lesser of 1) the FMR for an existing area for comparable project as defined by HUD, or (2) 30 percent of AMI;
- the gross income equals 65 percent of AMI adjusted by number of bedrooms in the unit;
- in the case of three or more units, 20 percent of the HOME assisted units are either (1) occupied by very low-income families (below 50 percent of AMI) which pay toward rent no more than 30 percent of their adjusted monthly income, or (2) occupied by very low-income families where rent for the units is not greater than 30 percent of the gross income of a family whose income equals 50 percent of AMI;
- the balance of units in the HOME-assisted portion of the project are occupied only by households that qualify as low-income families (income less than 80 percent of AMI) the balance of the entire building units may have rents that are market rate;
- the HOME-assisted units can be leased to a holder of a certificate of family participation under the Rental Certificate Program or a rental voucher or to the holder of a comparable document evidencing participating in a HOME tenant-based assistance program; and
- the HOME-assisted units will remain affordable pursuant to deed restrictions, for not less than 20 years beginning after project completion.

All rental projects are required to have 20 percent of the units occupied by households whose income does not exceed 50 percent of AMI.

For projects involving rehabilitation only, the after-rehabilitation rents for HOME-assisted units should generally not exceed before-rehabilitation rents. During the contract term, rents can be increased only to the extent allowed by HUD as determined by increases to the region's FMR and incomes.

### **Tenant and Participant Protections Required by HOME Program**

Tenants are to be afforded certain protections in any HOME assisted project. The major tenant protections include:

- leases must be for a minimum of one year unless mutually agreed to by the owner and tenant;
- restrictive provisions in the lease requiring tenants to waive any rights is prohibited;
- an owner may not terminate tenancy or refuse to renew the lease except for violations of the terms of the lease or for violation of applicable federal, state or local law; and
- an owner must have written tenant selection policies and criteria that are consistent with the purpose of providing housing for the very low-income and low-income families.

HOME regulations require CHDOs to submit a Tenant Participation Plan describing fair lease and grievance procedures and a program for ensuring tenant participation in management decisions.

### Comparison of CDBG and HOME Housing Activities

Activity	CDBG	HOME	Comments
1. New construction and related costs	no	yes	single or multifamily
2. Rehabilitation	yes	yes	single or multifamily
3. Acquisition of sites	yes	yes	requires appraisal and possibly relocation
4. Emergency shelters	yes	no	includes group homes for special populations
5. Transitional housing	yes	yes	
6. Specifications for new housing	no	yes	
7. Clearance of sites	yes	yes	
8. Homebuyer assistance	yes	yes	
9. Certain soft costs	no	yes	architect, engineer, appraiser, fees, etc.
10. Utilities in public right of way	yes	no	
11. Tenant-based rental assistance	no	yes	2 years maximum, tenants may move
12. Conversion of buildings to housing	yes	yes	requires appraisal
13. Acquisition for housing or rehabilitation	yes	yes	requires appraisal and possibly relocation
14. 25% non-Federal match	no	yes	
15. Client Services	no	no	
16. Fair housing activities	yes	yes	considered administration

**Notes:** Consult HOME regulations for specific requirements.

CDBG funds can be used for new housing construction by neighborhood-based nonprofit organizations, Section 301(c) Small Business Investment Companies, and local development cooperation's as part of a neighborhood revitalization, community economic development, or energy conservation project with CDBG funds.

6. Fair housing activities are eligible as a CDBG or HOME administrative expense.

## **SPECIFIC CDBG SUBMISSION REQUIREMENTS**

### **Program Income**

The following sources of program income expected to be received during the program year:

- Housing Rehabilitation loan payments;
- Project loan payments; and
- Miscellaneous reimbursements.

## **SPECIFIC HOME SUBMISSION REQUIREMENTS**

### **Recapture Provisions**

The Multifamily Housing Property Disposition Reform Act of 1994, passed on April 11, 1994, allows funds recaptured from first-time homebuyer assistance to be allocated to any HOME-eligible activity, thereby ensuring that these funds continue to provide affordable housing opportunities. The HOME program also has a resale option that allows a homeowner to receive a fair return on this home and still be affordable to the next low-income buyer.

### **Tenant-Based Rental Assistance (TBRA)**

The Clark County/Vancouver HC&D Plan demonstrates the need for tenant-based rental assistance in Clark County. HOME funds combined with other funding will provide rent assistance for families leaving homeless shelters in the county.

TBRA provides a variety of low-income special needs populations with security deposits and up to 24 months of rent assistance. Rental and deposit assistance is delivered through contracted agencies including VHA and Share. Eligible clients include homeless individuals or families, foster children (aged 18-21) in transition to independence, pregnant or parenting youth, and special needs populations. All TBRA clients must earn less than 60 percent of AMI. Eligible households may receive just the deposit necessary to get housing, or a combination of deposits and rental subsidies that enable them to pay no more than 30 percent of their household income for rent and utilities. Tenant rent share increases as tenant income increases.

### **Other Forms of Investment:**

The County does not use forms of investment other than those described in 24 CFR 92.205(b).

## **SPECIFIC EMERGENCY SHELTER GRANT (ESG) REQUIREMENTS**

Clark County ESG funds are targeted to: a) maintain the existing supply of emergency shelter beds for homeless families, b) maintain operating support for the existing family shelter system, c) expand the supply of transitional housing for all homeless populations, and d) expand the supply of emergency shelter for under-served populations.

It is anticipated that Clark County will not receive any ESG funds based on the current HUD ESG allocation formula. The formula, which is the CDBG formula, provides that if an entitlement community



will receive less than one half of one percent of the total formula its entitlement is given to the state in which the entitlement is located.

In future year's priorities for ESG funds will be developed within the planning process for the Continuum of Care. Projects to receive funds will be defined by their connection to the Continuum of Care.

#### **SPECIFIC HOUSING OPPORTUNITIES for PERSONS WITH AIDS (HOPWA) REQUIREMENTS**

The H&CD Plan for the City of Portland, Oregon contains the specific HOPWA submission requirements. HOPWA funds are awarded by HUD to the City of Portland.